

23 OCT 1950

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EUROPE

1. FRANCE: Attitude hardening on German rearmament--
US Minister Bohlen in Paris reports a rapid development of party sentiment against concessions to the US on the subject of German rearmament. Bohlen points out that the government has already been forced to agree to an immediate full-dress debate in Parliament on the question. The Ambassador remarks that of the parties of the majority, the Socialists have taken the firmest position against the rearming of Germany, and the Popular Republicans and Radicals have also registered a negative stand. According to Bohlen, two important factors in this hardening of the French attitude are: (a) the general conviction that the Germans have adopted a more independent line toward the Schuman Plan in the belief that the US will permit them to gain through steel production for rearmament all the advantages they might eventually gain from the Plan and without the inconveniences of submitting to international authority; and (b) the carefully-timed Soviet communique on German rearmament, which allows the timid to point to the Prague conference and statements of Moscow in support of their apprehensions.

(CIA Comment: CIA believes that the French will continue to insist upon the inclusion of West Germany in some sort of West European economic arrangement before agreeing to German rearmament. The French will also insist that German rearmament take place only within an international framework which will provide strong guarantees for French security.)

2. YUGOSLAVIA: Political situation analyzed--US Ambassador Allen in Belgrade suggests that, in light of the US Internal Security Act of 1950, the present political structure in Yugoslavia might profitably be re-examined. The Ambassador believes that although the Yugoslav People's Front, comprising the mass of the population, is dominated by the relatively small

STATE review(s) completed.

Document No. 19

NO CHANGE in Class. ☐☐ DECLASSIFIED

Class. CHANGED TO: TS S C

DDA Memo, 4 Apr 77

Auth: DDA REG. 77/1763

Date: 4 MAR 1978

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Communist Party, the great majority of the members of the Front are sincerely anti-Communist and pro-Western; he reiterates his belief that the Yugoslav Communist Party has no connection whatever with the Communist Party of the USSR, is violently anti-Cominform, and likely to remain so. Developing this theme, the Ambassador points out that the Yugoslav regime has adopted a basic policy of establishing amicable relations with "non-Socialist" countries on the basis of "live and let live." Allen reports that even dogmatic Marxist die-hards among Yugoslav officials now subscribe to this policy, even though they may have reached this decision with reluctance, and comments that Tito has shown himself to be "definitely on the side of the cosmopolitan element" which favors increasing collaboration with the West. Allen adds that the Tito Government is "most anxious" to send as many technicians and students as possible to the US, thereby facilitating the US policy of encouraging the growth of democratic concepts and practices in Yugoslavia.

FAR EAST

3. INDOCHINA: French-Vietnamese relations worsening--US Minister Heath in Saigon believes that because of a "mounting" Vietnamese suspicion that US aims in Indochina are devoted to reinforcing French "colonialism," a public declaration should be made that US arms furnished to French Union forces in Indochina are for use only in Indochina and will eventually be turned over to the armies of the Associated States. Meanwhile, Heath has been informed by a French official that Minister Letourneau and General Juin, now on an emergency mission to Indochina, have been "greatly angered" by Vietnamese Premier Huu's demands (in a press interview) that Vietnam be granted complete independence. The French official expressed doubt whether the French Parliament would "be in a mood" to provide increased credits and troops for the Indochina campaign in the face of such a demand.

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4. **INDONESIA: Attack on Ambon to continue--US Ambassador Cochran in Jakarta reports that Indonesian Foreign Minister Rum has refused to make a conciliatory gesture to the rebel Ambonese in an effort to forestall discussion of the Ambon affair in the UN Security Council. Cochran points out that the Indonesian Government has built up its forces on the island and that the reinforced troops are to go into action against the rebels in a plan to complete the pacification of the area by the end of October. The Ambassador believes that neither he nor the UN Commission for Indonesia can forestall continued government action against Ambon, and he expresses reluctance to make a further issue of the affair which, in his opinion, might "topple" the moderate Natsir Cabinet.**

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